

Bosnian Government that we think that they should always be willing to talk, but we're not going to try to impose a settlement on them. I think that they know that our position would be that we should continue to discuss a peaceful resolution to this.

Middle East

Q. Do I detect correctly, sir, a slight shift in your attitude towards Syria, which you commended yesterday for its role in the current trouble in the Middle East? And do you think you might have been too hasty yesterday and have you changed your mind?

The President. No. I don't think anybody thought that Syria was exactly behind Hezbollah. I just believe that they could do more. I think it's now time for all the players to do more to bring an end to the fighting. I think Syria, and Israel, Jordan, the Palestinians, and the Lebanese, everybody except these political groups that make their living from the continued misery of the Palestinians, everybody else has a vested interest in continuing the Middle East peace process, and I hope that we can get it going again.

NAFTA

Q. On the free trade agreement, you are coming to the end of the collateral negotiation with Canada and Mexico. I understand they'll be meeting here tomorrow—country are talking about—deficit reduction. What new facts are you getting from them on the free trade agreement, are they backing you on that?

The President. I think most of them are for it. I certainly hope they are, and I believe they are. I'll take one more.

Bosnia

Q. Mr. President, Boutros-Ghali has said in the last few hours that he thinks the NATO air cover should be able to start early next week. Based on what you know about it now, and this plan has been around since May, how do you calculate the risk? Do you feel like you have any obligation to go to Congress before that first plane takes off or to go to the public with this?

The President. I think I should wait. I asked the Secretary of State to come home to discuss the Middle East. He is now home.

I want to talk about Bosnia with him, with the Secretary of Defense, with some others, before I decide on what next has to be done. I think that the commitment that we have had all along to defend the United Nations forces there if they were attacked is, I think, fairly clear and has been highly publicized. But of course, if we have to take any action, I will have appropriate consultations with Congress and appropriate conversations with the American people.

Thank you.

NOTE: The President spoke at 2:12 p.m. in the East Room at the White House. In his remarks, he referred to Felix Rohytan, senior partner, Lizard Freres; John Johnson, chairman and chief executive officer, Johnson Publishing Co.; Ron Hall, president and chief executive officer, Citgo Petroleum Corp.; Harry Buckley, president and chief executive officer, H&R Block Tax Services, Inc.; Mike Walsh, chairman and chief executive officer, Tenneco, Inc.; and Alija Izetbegovic, President, Republic of Bosnia-Herzegovina.

Interview With the Texas Media

July 28, 1993

The President. It's nice to see you all here. And I know you've all received other briefings today. And so I think that probably the best thing to do would be to start, and I'll answer your questions.

Texas Senatorial Election

Q. [Inaudible]—we are aware of the fact that did carry the State in the election last year. And more recently Texas rejected the Democratic-appointed Senator in what some people, such as Senator Gramm, characterized as repudiation of you and your policies. So to paraphrase Admiral Stockdale, why are we here?

The President. [Inaudible]—several others who wanted to support it and felt that there had never been an adequate defense made in Texas. I thought, given the fact that I had two Texas opponents, I did rather well there in the last election. And I don't, with all respect, I don't think the Senate race in Texas was a referendum on our program, because nobody defended it; nobody said what was in it.

There have been four special elections in the Congress: three in the House, one in the Senate. The Democrats won all three in the House. But frankly, only one of those races was a referendum on the program, because it was the only place where the Democrat on his own initiative defended the program—without my even knowing it, put my picture in his brochures, ran television ads explaining to the people what was in the program. And he won the race by nine points in a district in which a lot of upper income people live who would have to pay the higher taxes.

So you can't have a referendum on a program if the people don't know what's in it. If anything, if I've made any mistake in this, it is that this is the only issue in my lifetime where the people knew less about it as time went on. That is, on February the 18th when I spoke to the country, I actually went through chapter and verse factually all the things that were in this program and how they fit with what we wanted to do in health care, welfare reform, the crime bill, all the things that are coming afterward. But I said who was going to pay the taxes, what the spending cuts were going to be.

After that, because there was no fight over the spending cuts, people were not told there were any, and the rhetoric against the program took over. So I think I owe it to the people of Texas to at least put my case out there. And I certainly owe it to the Members from Texas who supported the program because they think it's the right thing.

Taxes

Q. [*Inaudible*]*—*Corpus Christi. It's a community that's just now coming out of recession, and they're doing it, probably they're diversifying. What can you say to reassure folks who have been hearing about this gasoline tax, people who are in the tourism industry who depend on people driving to come see us and our attractions, people who in the refinery industry who are dependent on—and the people, the trucking industry, agricultural and so forth? What can you say to them that will put them at ease about what may be coming out of this conference committee?

The President. I don't think the conference committee is going to adopt anything

in the range of a dime, nine cents, eight cents, anything like that. I think, first of all, gasoline is at its lowest real price adjusted for inflation in more than three decades. I think that any tax they put on it will be modest and will amount to no more than \$50 a year for a family of four with an income of \$50,000 a year, about \$1 a week to help to pay down the deficit. All the money will be put in a trust fund and can only be spent to reduce the deficit.

And I think that it is a bearable burden. It was not, as you know, my first choice. We had a compromise Btu plan that was never really considered that exempted agriculture, exempted all production, and broadened the base of the tax to even it out a little. But I think that this is something that we can clearly manage given the fact that gasoline is at its lowest real price in 30 years.

Q. [*Inaudible*]

The President. Well, I told you what it will amount to. It can amount to about a dollar a week for a middle income family, a family with an income of \$40,000 to \$50,000 a year. I don't think that will be a significant burden.

And in terms of the energy industry, we had people from three energy companies here today, ARCO, Sun Oil, and Citgo, as well as the CEO of Tenneco here supporting the plan because they believe that bringing the deficit down, keeping interest rates down, which the deficit reduction plan is doing, enabling people to refinance their homes and business loans, and stabilizing the economy will do far more good than this will do harm. And I believe that, too.

Super Collider

Q. I know you support the SSC, but about a week and a half ago, you strongly criticized Senator Gramm and Senator Hutchinson for calling for spending cuts while the House vote was going on. I think yesterday Senator Gramm sent you a letter urging you to pick up the pace of your support for the SSC. Can you get together with them and keep this project—

The President. I'm a strong supporter of that project. And I worked it in the House. But, you know, the timing was amazing. I mean, I couldn't believe that they would walk

out on the steps of the Capitol with Ross Perot and begged the Congress to cut spending more and rail against taxes and give people the impression that there was some huge middle class tax burden in this thing, which is false. After the Senate Finance Committee had met and the Republicans offered not one single specific spending cut in the Senate Finance Committee—not one, not one dollar—and then, they go out on the steps of the Capitol, while we're doing our best not to get beat too bad in the House, hoping we can do what we did last time, pass it in the Senate and save it in the conference.

You know, this is tough. I mean, you've got all those Congressmen from California. They took 40-something percent of the base-closing cuts this time, a State with second highest unemployment rate in the country. They take 40-something percent. Their Congressmen line up and vote for this program to benefit Texans with lower interest rates and a more stable economy. You know, and they say, "Here's a State with a space station. Here's a State with all the benefits from the super collider." All they want to do is gain the political benefits of all this Federal spending and the political benefits of railing against the taxes and not have to take responsibility for proposing specific spending cuts. And it's just a little too much to swallow. You've got to put yourself in the position of people from other States. And so, they said, "Let's just lob them one." And so we lost by this breather-taking margin, far worse than we lost last year.

And then, of course, they want to disclaim any responsibility for that. I don't blame them, but I'm telling you—put yourself in the—suppose you were from Idaho or Utah, or someplace that had hardly any of this stuff. Nobody's writing you Federal checks every month. You don't have hundreds of scientists and engineers and high-tech employees. It's just difficult for these Members that I'm lobbying to take.

We came very close to losing the space station in the House. And two supporters of mine who were in a group that had already come against the space station stood down there in the well and waited until the last votes, and they realized that it could not pre-

vail unless they changed their votes, and so they went down and voted for it.

And that's how we saved the space station in the House. So, all I'm saying is, I believe in the super collider, and I believe in the space station. I believe we have now saved the space station, and I feel very good about it. And now I can sort of gin up my efforts on the super collider. We've got to pass it in the Senate to have any hope of getting it out of conference. All I can tell you is, you have to put yourself in the position of people from other States who have been asked to take the tough votes, take the hits, who've already voted for \$250 billion of spending cuts, and then they're told by people who stand on the steps of the Capitol they hadn't cut spending. It just was difficult for them. And I thought it was kind of an interesting irony that at least they could have waited a day to do it, you know. They could have had the good grace to wait instead of just rubbing the Congress' face in their rhetoric.

Getting the Message Out

Q. Why not talk about the economy if learning about the economy and learning about the problems with the economy and how deficit reduction can help the economy? Why not talk to the whole country about the economy, rather than each State individually?

The President. Well, I intend to do that also. But one of the problems is that, as those of you who are in this town know, what really makes news is controversy. I mean, the President can't just go talk to the country whenever he pleases. Last time I talked to the country, this program had good support because I was able to give out all the information. Since then, it's just been rhetoric, 10-second sound bites, taxes, or "it's spending, stupid," or something like that. And the whole facts don't get out.

So one of the things I can do to reach the whole country is to spend more time with media from many States. We're doing this with a lot of States. I will, I hope, have the chance to address the country again. But I tried to do this in a national press conference, and only CNN and one network covered it. And by the way, the research showed that

the people who saw it on the network that covered it had their attitudes markedly altered about the economic plan. So I'm doing the best I can to get information out.

NAFTA

Q. [*Inaudible*].—Corpus Christi. But we live in an area, because we're so close to the border that if things go sour in the U.S., we get hit; and if things happen in Mexico we feel it also. So we're looking at the North American Free Trade Agreement. Can you bring us up to date on that one?

The President. Yes. We're making good progress on our efforts to achieve agreements relating to the environment and labor standards. The last reports I have are quite good. And I think that when those agreements are finalized and announced that we will really diminish at least the fervor of some of the opposition to NAFTA. We're also making good progress in getting a broad base of support for it. And I still believe we can go forward with it and pass it this year. There is an awful lot of opposition to it in the House and some in the Senate. You may have seen recently that some Congressmen were asking me virtually to delay consideration indefinitely. But we have to take it up this year. And I expect to do that.

And I think the more we talk about it—I think the important thing with NAFTA is to try to—as I believe with a lot of these things, by the way. And because NAFTA will have bipartisan support and bipartisan opposition, we may be able, funny enough, to have a calmer conversation. We may be able to talk to each other as if we're all in the family.

I mean, one of the things that I tell people about NAFTA, is I was Governor of a State where people shut their plants down and moved it to Mexico. I know a lot about that. But the point—if we have no NAFTA, as you well know, that will continue or could continue. NAFTA is not about stopping that or accelerating that. That is virtually irrelevant to what we're trying to achieve. And I think it's quite important.

So we're making good progress. I expect to go forward. I have high hopes. We've got a lot of opposition, but I think if we can really be calm and talk each other through it, we can make it.

Deputy Counsel Vincent Foster, Jr.

Q. We've heard conflicting stories about—this is on another subject. On the telephone call that you made to Mr. Foster, we heard at one point it was made on Sunday, then we heard it was made on Monday. And we heard, oh, it was just a routine call, because you talk all the time. And then we heard it was to buck him up. Can you sort of set the record straight?

The President. I called him Monday night because at the last minute—Hillary was gone, was still in Arkansas with our daughter. And I decided to watch a movie, and Webb Hubbell was still hanging around here. And I hadn't seen Vince in a while, and I called him. I didn't—unlike some other people, who did know that he'd been quite distressed, I was not really aware of that. But I knew I hadn't seen him in a while, and I just kind of got lonesome. Webb Hubbell and I and one or two other people were going to watch a movie. So I just wanted to watch the movie. I called him and we talked for, I don't know, 20 minutes or so. We talked about what he'd done the weekend before, talked about some things he was concerned about on the job, but it was just the sort of thing we'd always talk about. He was real work-oriented. And we agreed to meet on Wednesday. And that was it.

House Budget Language

Q. There has been a difference between the House and Senate on capping entitlement programs. What is your position on that?

The President. You mean because the House version has stronger language in it?

Q. Right.

The President. Well, I'm glad you asked that. Now, here's something you all can help on. The House version, first of all, has some disciplined language in there with dealing with the entitlements and also has some language which says that—well, first let me say, we adopt 5-year budgets around here. I think you know—all of you, or the groups that you work for—it's very hard to adopt a 5-year budget with exactitude. I mean, nobody can see the 5 years with absolute precision.

So what this House bill does that had never been done before is not only to put all this

money in a trust fund so it can't be spent on anything else but to say if we miss the target in any year, in any of these areas—you know, the targets on discretionary spending, entitlements, or revenues—whatever reason, we don't make our deficit reduction target, under this bill, the President must propose a plan to correct it, to meet the target, and the Congress must vote on it. Now, the Congress, obviously, wouldn't have to do exactly what I wanted. They could amend it, you know, but at least there's a process there for addressing the fact that we're missing the deficit reduction target.

I feel very strongly that that should be a part of the final package. You need to know what the problem is. Under the rather arcane rules of the Senate, this reconciliation, economic budget plan, is just about the only thing—I think the only thing that does not require—it's not subject to a filibuster. So if you get one more vote than half, you win, and it can't be filibustered, because the country has to have a budget.

But if there is any subject in this reconciliation bill that does not directly relate to the budget itself, it can be challenged and then, in effect, you can require 60 votes to put it in there. This mechanism has been challenged by the Republicans in the Senate, even though I believe 100 percent of them are for it. I mean, I believe 100 percent of them honestly want to get the deficit down and believe that this discipline ought to be in there, and they're still fighting it because it's another way to derail what we're trying to do. So the way to get it in there is for at least four or five of them to let that go in the law because it's good Government. It doesn't have anything to do with party.

Bosnia

Q. Regarding the situation in Bosnia, now that you have met with Secretary Christopher, can you tell us a little bit about your options in the air strikes?

The President. Well, we expect the U.N. forces there in Bosnia to communicate—the commander there to communicate to Boutros-Ghali what the situation is and what he wants, and then the Secretary-General of the U.N. will either make or will not make a request to NATO. And all this will unfold

over the next few days during which time the Serbs, Bosnian Serbs, either will or won't stop shelling Sarajevo and will pull back. And we'll just have to wait and see what happens.

But the United States is bound—we are committed to come to the aid of the United Nations forces as a part of NATO if they are attacked, and they have been. So we're just going to have to wait and see what happens.

NAFTA

Q. On NAFTA, are you telling all the Members of Congress what will happen to us if we have a disagreement with Mexico about rates and about products? And isn't it true that panels of young lawyers from Europe could come over here and decide questions of difference between us and Mexico about the operation of NAFTA?

The President. You mean under the agreements now being negotiated?

Q. —and come back, and regardless of what our laws were, they would be the ones to decide whether we were fair or not. And if they decide we were not fair, even if it was something that conflicted with our laws, they would prevail.

The President. Well, I haven't agreed to any specific enforcement mechanism. But one of the things that has been of some controversy is the—obviously the Mexicans have not wanted to accede control of their national sovereignty to the United States and vice versa. So the Mexican, Canadian, and American negotiators have been struggling to find a way to adopt an agreement that had some teeth in it, that has some enforcement provision, at least if there were a pattern and practice of violation on their part or on ours. And I don't think they have finalized that. Until they do, I can't really say more.

Q. [*Inaudible*]*—the Republicans in the House are saying that our sovereignty would go and you all would have to, under the rules, that you would have to give in to this panel of lawyers from outside the country who would decide these matters.*

The President. Well, I can't comment on that because I don't know what they are finally going to agree to. But I think that the most important thing from my point of view is that we have some way of knowing that whatever we agree to is going to be observed

by all countries and that it is not a violation of our sovereignty to be held to the agreements, to be held to keep our word. And we'll have to find some sort of mechanism to see that we do it and to see that the Mexicans do it. Nobody has discussed the option you just described to me, and I can't comment on it until I know whether it's a live option.

Politics of the Economic Program

Q. Back to your economic plan. The conservative Democrats on both Houses are the ones who are really key to you. One of those conservatives is a key player, Charlie Stenholm, who was visiting with you last night. He came out saying that he still is unalterably opposed to the gasoline tax. What can you tell those conservative Congressmen, many of whom come from Texas, what basically can you give them to get their vote?

The President. Well, let me tell you what they say. I mean, it's interesting what a lot of them say who aren't for the gasoline tax. They think that it raises so little money that it's not worth the political heat. A lot of them are basically tired of the partisan beating up they've gotten for trying to do something responsible about the deficit. They are frustrated that all of their attempts to put in more spending discipline—and Charlie Stenholm has done, I think, a brilliant job of that—has not generated any willingness on the part of Republicans to support any kind of reasonable budget package.

And so they're saying that this is a pure matter of public perception: "Why for a relatively small amount of money should we have any gas tax at all since it is a modest one and give the Republicans something else to beat us over the head? Why don't we just keep the upper income taxes and the spending cuts and go on?" Here's the answer to that, and it's the question I pose to them. In other words, there's no—it's just not like the Btu tax. You can't make a claim that it's promoting great energy conservation or it's good for the environment or anything. It's just a very modest attempt to raise some funds to pay down the deficit and monies which someday might go into road building after the end of the deficit reduction period but not any time in the foreseeable future.

The answer is this: If we have to pass this bill with only Democrats, there are other conservative and moderate Democrats who don't object to the gas tax but would object if we took out the economic growth incentives. And let me just mention some of them. And there are others who would object if we didn't reduce the deficit by \$500 billion or some figure very close to it. So then the issue is, if you take out the gas tax, what do you replace it with? If you just say, "Well, we'll just reduce the deficit by that much less," then you have all these people who say, "Well, you lose me because we're not reducing the deficit enough." Or do you say, "We'll take out the gas tax and we won't have any economic growth incentives." Now, let me mention some of them to just give you an example. Over 90 percent of the subchapter S, the small businesses in this country, will be eligible for a tax cut under this program because we double the expensing provisions. So any small business with adjusted gross income of under \$140,000, which is 94 percent of them, will be eligible for a tax cut under this program. They generate a lot of the jobs in America. That's a job program.

We've got a provision in here to provide capital gains treatment—big break in people who invest for 5 years in companies that capitalize at \$50 million a year or less. We took out the surcharge on capital gains to give people incentives to invest so they can earn investment income at lower rates than the personal rates. We have increased the research and development tax credit. We've increased the incentives for investing in getting real estate and homebuilding going again. That's one reason the national realtors and the homebuilders have endorsed this plan, two predominately Republican groups.

If you take all that out, you know, to keep the deficit number up, to get rid of the gas tax, then you lose a whole different group of Democrats. Then there are those who say, "Well, we don't need the earned-income tax credit. Get rid of that and get rid of the gas tax." The problem is if you do that, you lose people who represent huge numbers of working poor. Eighteen percent of the work force in this country now, including a whole lot of folks in Texas, work 40 hours a week

and still live below the poverty line. That's a stunning statistic.

Perhaps the most important social policy, if you will, that I would think virtually all Americans could agree on that this plan furthers is that this says, if you're one of those folks and you have children in your home, and you work 40 hours a week, the tax system will lift you above poverty so that nobody who works with children will be in poverty if this plan passes, once we get it fully phased in.

So if you take that out, then you lose all those Democrats that represent that. So the real problem is it's really an arithmetic problem. If you want the progrowth, projobs incentives and you want to support work instead of welfare and you want to stay at \$500 billion of deficit reduction or awfully close, how do you do it without this modest fuel tax?

The only other option that was given is further cuts in Medicare, which in my opinion, again, would lose you a lot of Democrats, both people who are concerned about middle class elderly people on Medicare and people who are concerned about doctors, hospitals, home health providers, and others who are under reimbursed now and who just have to shift their costs onto the private sector.

So if someone could solve that problem—I wouldn't say that problem couldn't be solved—but I think it is highly unlikely that a resolution of that—I'm sympathetic with Charlie Stenholm. He has been very courageous. He has been very helpful. He has done as much as any Member of the Congress in either party to really control the deficit. And nobody has a better record than he does in trying to control spending and control the deficit. And he's made a very compelling case, but I don't know how to solve it.

Economic Program

Q. Given the fact that if your plan passes—it will probably do so without a single Republican vote—do you think it would be fair for the American people to give your administration all the credit or all the blame with the economic condition of the country over the next 3½ years?

The President. No, but it'll probably happen anyway. [Laughter] That is, it will be fair

to give the administration and those who voted for it the credit or the blame for whatever impact this has. And I think it will be basically positive. We know it will keep interest rates down. I mean, you've got Alan Greenspan, who's the Republican head of the Federal Reserve Bank, who has constantly told the Congress they need to do a deficit reduction package in this range, and they need to do it immediately to keep interest rates down and to help the economy to recover.

But let me make two points. Just a substantive point—I don't want to talk about politics but just the substance of it. Number one, the country has been in an economic difficulty on and off for 20 years. The high water mark of American economic dominance was about 20 years ago. Since then the pressures of a global economy, which have punished the relatively undereducated, the relatively rural, the people that didn't fit very well in the global economy, have been building up and basically real wages of working people have been stagnant or declining, and the work week has been increasing for 20 years.

For 12 years we have followed a path that worked in the short run but caused us great grief in the long time. That is, supply-side economics, which basically says we're going to cut taxes and increase spending, took us from a \$1 trillion to a \$4 trillion deficit—debt, a huge deficit. In the short run, we came out of the recession of '81-'82 after we cut taxes and increased spending and kind of kept the lid on inflation. But in the long run we have dug ourselves into a hole now where we—for example, we actually—almost anybody—Charlie Stenholm said the other day, "We need to be spending more money helping places like California and Connecticut and some other places to convert from a defense to a domestic economy. But we don't have the money. We need to do whatever we can to train our non-college educated workers better. We don't have the money. We've got a lot of things we need to do. We can't and we're paralyzed". So I would say to you that we didn't get into this mess overnight. We're not going to get out of it overnight.

The second thing I want to say is, we need to bring the deficit down to zero. To do that, we have to pass health care reform. Then to make people more productive we need to pass our education bill and the welfare reform bill, and we need to pass a lot of other things. There's lots of work we need to do here to open new markets—you asked the NAFTA question—to get this economy turned around. But I expect to be held accountable. I just would tell you, this bill is important. Without it, we can't go forward. But it is not the end-all and the be-all.

Embargoes on Cuba and Vietnam

Q. One of the cornerstones of your whole program is to stimulate business growth. I'm just curious, do you believe that lifting the trade embargo against Vietnam at this time would benefit the economy? And a part two to that question: Do you believe that lifting the embargo against Cuba and allowing American businesses to trade in both Vietnam and Cuba would be good for the economy of this country?

The President. I believe if the embargo were lifted, some businesses would clearly benefit. I think it would be a marginal benefit to the economy in the short run because the economies of both those countries are so small compared to ours. I don't think it would have a major impact. But I don't support it for different reasons. I think the embargo against Cuba should stand until there is a real movement toward freedom and democracy. I think the embargo against Vietnam should not be lifted until we have even more assurances that they are doing everything they can to help us with the POW-MIA issue.

As you doubtless know, or you wouldn't have asked the question, I did remove the objections of the United States to letting Vietnam participate in International Monetary Fund financing, which will help them to improve, because they have taken a lot of steps since I've been President and since before I became President, starting right before I became President, to open up the country, to help us try to find the answers about our POW and MIA personnel. But I'm not confident that everything that should be

done, has been done. And until I am, I can't support lifting that embargo.

Q. I've talked to a couple of business people who say that telephone lines are burning up at the Commerce Department—[inaudible]—business people all over the country. I was in Vietnam and I met American business people who were there able to initial business contracts but couldn't sign them. I would just like to know, how much pressure are you getting from American businesses to lift the embargo?

The President. Not much. Some. A lot of the business people want to do it, but I would hope that the business community would also understand that we have a lot of families out there, a lot of relatives, a lot of friends, and a lot of supporters of the people who have served who have never been accounted for. And that while we have gotten an awful lot of information in the last few months, even that has raised questions in some people's minds as why are we just now getting it, you know, and all of that.

I think we are now getting real access to the country. We are making real progress. I just wrote a letter to the President in Vietnam, in response to a letter he wrote me, encouraging him to continue on this path. I know a lot of American businesses want to do business there, but that cannot be the sole criteria of what we do. And our first concern has to be for the POW's and the MIA's. We are moving in the right direction. Let's just hope it continues so we can continue to make progress.

Taxes

Q. The American people are now being taxed in local and State and national levels up to 50 percent of what they are making. And we look back at the serfs in Europe, and they only had to give up 30 percent of their income, and we looked at them as slaves. Why are we any better than the serfs? And why have you been so loyal to promises to the homosexual community, but not quite so loyal with your tax cut promises to the middle class of America?

The President. First of all, what you've said is not accurate. All major Western countries have higher tax rates than we do. You know, it does not serve the public debate to

tell people that Germany has had a higher growth rate than America because they have lower taxes. It's simply not true. It is absolutely untrue. National tax rates in Japan are much higher than they are here. And aggregate corporate rates in Japan at all levels of government will be higher than they are here even if my plan passes. And if you look at the percentage of income going to taxes in America, with the exception of some very high taxed urban areas, where the cost of living is very high, we compare very favorably, if this plan passes in toto, with the tax rates in all the countries with which we are competing. The problem with it is that we're not spending money on the right things. We're spending too much on interest on the debt. We're spending too much on health care. We're spending too little on things that create jobs and growth and opportunity. Nevertheless, I did not raise taxes happily here.

I was Governor of a State that was always, always, every year I was Governor, was in the bottom five States in America in the percentage of people's income going to taxes. Always. And after I had been Governor 10 years, the same percentage of income was going to taxes that was going 10 years before. I never raised taxes to balance the books. The only times we ever raised taxes in Arkansas was for schools and roads and had the support of big majorities of the American people.

I don't like this. I made it very clear why I decided to ask for a modest contribution from middle class families with incomes over \$30,000, but under \$140,000; no income tax increases until families who were basically families, if you had two earners above \$180,000. And the reason is that after the election, the Government—the previous Government, not mine—estimated the deficit over the next 5 years to be about \$150 billion bigger than they said it was before the election.

So I had to face a decision. Was I going to try to do more on deficit reduction and try to deal with this and get these interest rates down, based on changed circumstances, minimizing the tax burden all I could and still asking the top—really over two-thirds of this burden will come from the top one per-

cent of taxpayers, who got two-thirds of the benefits the last 12 years. Or was I going instead to do what was more politically popular and consistent with what I honestly believed in the campaign but not what I thought was best for Americans. And I decided the best thing to do would be to try to take account of the fact that the deficit was \$150 billion bigger than we thought and to try to respond to it. The American people will have to decide whether they think that's right or wrong.

Now, I have done my best to make the tax system fairer. I have done something for working families under \$30,000 a year. They've all been held harmless. We've done something significant for the working poor. And I have 4 more years to try to deal with further inequalities in the tax system, which I plan to do. But I think this deficit has to be attacked first, and I think I did the right thing.

Space Station and the Super Collider

Q. From a scientific standpoint, do you think the collider and space station are of equal merit? And would you be prepared to veto an energy and water preservation bill if it's not included in the collider funding?

The President. Well, I don't know if I would be prepared to veto it. Nobody has ever asked me that, and I don't know what the consequences of that would be. I think that they are different, entirely different. The space station is important technologically, and it's important for our country's continued leadership in space, which is very important. It also has enormous international implications in terms of potential partnerships with Russia and with a lot of other countries.

If we back off of this space station, other countries will move into the breach, they will push us out of an area that we plainly dominate the international economy in. They will make those partnerships, and we will be left, I think, without the leadership that we need and deserve and without the potential to create enormous economic opportunity, as well as political cooperation in the years ahead.

It's interesting, and I'm glad you mentioned it. One of the things that is very important and quite apart from the technology

is that the promise of cooperation between the United States and Russia, and perhaps with other countries just emerging, is one of the main carrots we have if you will—not a stick but a carrot—to discourage countries from doing irresponsible things with nuclear weapons, with other weapons of mass destruction, discourage them from selling them to other people. So I think that's very, very important.

Now the super collider is different. The space station is a technological wonder that maintains our leadership in an area we have already fleshed out. The super collider is science. It's research. Therefore, it is, by definition, less certain. But this country has gotten a long way throughout its history by taking a chance on things that might not be certain that promised enormous potential benefits. So the possible benefits of the super collider, the possible implications of it, in any number of areas of technology in the future, are absolutely staggering.

Sure, it might not work. It's like any investment of this kind. But that's what science is. This is scientific research. This is an attempt to break down barriers of knowledge, to see the world in a whole different way, to unlock all kinds of secrets. And we have made a major investment in this. We also, by the way, can get some other countries to invest in it, but not if they have to sit around every year waiting to see if we're going to chuck it. I mean, one of the biggest problems we've had in getting these other countries who said they'd invest in it, is they don't know from one year to the next whether we're going to keep it. And one of the things that I hope we can do this year, if we can get it passed in the Senate, get it in the conference, is to get a commitment for a multiyear continuation of it.

Now, it is more difficult to save than the space station simply because it's science instead of technology, if you see what I mean. It is by definition more theoretical. But I still think it's quite important, and I am hoping we can save it.

Thank you.

NOTE: The interview began at 5 p.m. in the State Dining Room at the White House.

Statement on National Service Legislation

July 28, 1993

By approving my national service plan today with overwhelming support, the House proved that Government can work, without partisan rancor, in a spirit of community, and for the common good.

Now that House Republicans and Democrats have joined in this great act of civic service, I urge Republican Senators to put partisan politics aside and do what is right for this country.

House Members showed the spirit of service that we need in our politics and around the country. Members of both parties recognized that national service isn't Democratic or Republican. It's just plain American, helping young people who help America. The bill embodies principles that Americans from every political viewpoint share: community, responsibility, and opportunity. House Republicans put service ahead of politics. I urge Senate Republicans to do the same.

Nomination for Chief Financial Officer at the Department of Education

July 28, 1993

The President today announced his intention to nominate financial expert Donald R. Wurtz as Chief Financial Officer at the Department of Education. Wurtz is director of the General Accounting Office unit charged with cracking down on high-risk areas of waste, abuse, and fraud in the Federal Government and has worked extensively on problems involving the Education Department's guaranteed student loan program.

At the Education Department, Wurtz will be charged with improving accounting and financial management. He also will play a key role in implementing the direct student loan program.

"Throughout his career, Don Wurtz has worked to uncover and correct the abuse and mismanagement that is too common in the